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MEMORANDUM REPORT NO. 1
OF LIVINGSTON PARISH

LIVINGSTON PARISH COUNCIL
FORERAY THE LIVINGSTON PARISH POLICE JURY

REPORT ON AUDIT OF
COMPOUND CITY FINANCIAL STATEMENTS

DECEMBER 31, 1964 and 1965

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the Auditor, or successor, and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 15 1965

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HANNIS T. BOURGEOIS & CO., L.L.P.

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July 31, 1997

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Recreational District No. 2 of
Livingston Parish
Livingston Parish Council
Wagon, Louisiana

We have audited the accompanying component unit only financial statements of the Recreation District No. 2 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, (formerly the Livingston Parish Police Jury), as of and for the years ended December 31, 1994 and 1995, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacy of certain accounting records (lack of numerous invoices and subcontract labor documentation), we were unable to form an opinion regarding the amounts at which certain expenditures are recorded in the accompanying Combined Statements of Revenues, Expenditures and Changes in Fund Balances for the years ended December 31, 1994 and 1995 (stated as \$291,580 and \$188,039, respectively).

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had certain accounting records and documentation been adequate, the component unit financial

Recreation District No. 3 of
Livingston Parish

statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Recreation District No. 3 of Livingston Parish, Louisiana, as of December 31, 1986 and 1985, and the results of operations for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated July 21, 1987, on our consideration of Recreation District No. 3 of Livingston Parish's internal control structure and a report dated July 21, 1987, on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The individual fund and individual account group financial statements and the supplementary information and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of the Recreation District No. 3 of Livingston Parish, Louisiana. Such information has been subjected to the auditing procedures applied in the examination of the component unit financial statements, and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had certain accounting records and documentation been adequate, the information is fairly stated in all material respects in relation to the component unit financial statements taken as a whole.

Respectfully submitted,

Thomas St. Laurent & Co., L.L.P.

COMPONENT UNIT FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Recreation District No. 3 of
Livingston Parish

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1994

ASSETS	GOVERNMENTAL FUND TYPE		
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS
Cash and Cash Equivalents - Note 4	\$ 23,787	\$ 7,753	\$ -
Property Tax Receivables, Net of Allowance - Note 3	81,456	-	-
Fixed Assets - Notes 3 and 4	-	-	-
Due from Other Funds	-	-	10,560
Amounts Available in the Debt Service Fund for Debt Retirement	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-
Total Assets	\$105,243	\$ 7,753	\$ 10,560
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	\$ 3,138	\$ 350	\$ 10,560
Due to Other Governments	-	3,272	-
Due to Other Funds	10,560	-	-
General Obligation Certificate of Indebtedness - Note 4	-	-	-
General Obligation Bond Payable - Note 4	-	-	-
Total Liabilities	13,698	3,622	10,560
Fund Equity:			
Investment in General Fixed Assets	-	-	-
Fund Balances:			
Reserved for Debt Service	-	-	-
Unreserved - Undesignated	91,545	5,131	-
Total Fund Equity	91,545	5,131	-
Total Liabilities and Fund Equity	\$105,243	\$ 7,753	\$ 10,560

The accompanying notes constitute an integral part of this statement.

Recreation District No. 2 of
Livingston Parish

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1995

ASSETS	GOVERNMENTAL FUND TYPE		
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>
Cash and Cash Equivalents - Note 6	\$ 334	\$ 16,617	\$175,684
Property Tax Receivables, Net of Allowance - Note 2	76,825	-	-
Fixed Assets - Notes 3 and 4	-	-	-
Due from Other Funds	2,938	-	-
Amounts Available in the Debt Service Fund for Debt Retirement	-	-	-
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-
Total Assets	\$ 79,694	\$ 16,617	\$175,684
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	\$ 2,821	\$ -	\$ 19,461
Due to Other Funds	-	-	2,938
General Obligation Certificate of Indebtedness - Note 4	-	-	-
General Obligation Bond Payable - Note 4	-	-	-
Total Liabilities	2,821	-	17,996
Fund Equity:			
Investment in General Fixed Assets	-	-	-
Fund Balance:			
Reserved for Debt Service	-	10,000	-
Unreserved - Undesignated	16,617	6,617	157,684
Total Fund Equity	16,617	16,617	157,684
Total Liabilities and Fund Equity	\$ 19,694	\$ 16,617	\$175,684

The accompanying notes constitute an integral part of this statement.

<u>ACCOUNT GROUPS</u>		<u>TOTALS</u>
<u>GENERAL</u>	<u>GENERAL</u>	<u>(MERGANDUM</u>
<u>FIXED</u>	<u>LONG-TERM</u>	<u>DEBT)</u>
<u>ASSETS</u>	<u>DEBT</u>	<u>DEBT)</u>
\$ -	\$ -	\$ 31,540
-	-	81,496
361,358	-	381,358
-	-	18,560
-	-	-
<u>-</u>	<u>210,000</u>	<u>210,000</u>
<u>\$361,358</u>	<u>\$210,000</u>	<u>\$694,354</u>
\$ -	\$ -	\$ 14,046
-	-	3,273
-	-	10,560
-	210,000	210,000
<u>-</u>	<u>-</u>	<u>-</u>
-	210,000	238,878
361,358	-	381,358
-	-	-
<u>-</u>	<u>-</u>	<u>38,228</u>
<u>361,358</u>	<u>-</u>	<u>468,076</u>
<u>\$361,358</u>	<u>\$210,000</u>	<u>\$694,354</u>

<u>ACCOUNT GROUPS</u>		<u>TOTALS</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
<u>GENERAL</u> <u>FIXED</u> <u>ASSETS</u>	<u>GENERAL</u> <u>LONG-TERM</u> <u>DEBT</u>	
\$ -	\$ -	\$192,435
-	-	78,820
168,793	-	168,793
-	-	2,539
-	10,000	10,000
-	225,000	225,000
<u>\$168,793</u>	<u>\$225,000</u>	<u>\$475,788</u>
\$ -	\$ -	\$ 18,382
-	-	2,539
-	225,000	225,000
-	10,000	10,000
-	216,617	225,817
168,793	-	168,793
-	-	10,000
-	-	281,178
<u>168,793</u>	-	<u>419,871</u>
<u>\$168,793</u>	<u>\$225,000</u>	<u>\$475,788</u>

Recreation District No. 2 of
Livingston Parish

Exhibit B-1

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1996

	GOVERNMENTAL FUND TYPE			TOTALS (MEMORANDUM ONLY)
	GENERAL	SEWT SERVICE	CAPITAL PROJECTS	
Revenues:				
Ad Valorem Tax, Net	\$ 88,271	\$ -	\$ -	\$ 88,271
Live Oak Sports Association	1,388	-	-	1,388
Interest	759	419	951	2,129
Commissions	5,352	-	-	5,352
Tournaments	1,982	-	-	1,982
Total Revenues	98,752	419	951	99,122
Expenditures:				
General Government:				
Fees	388	-	-	388
Cost of Issuance of Certificates of Indebtedness	-	-	-	-
Insurance	576	-	-	576
Legal and Accounting	2,487	-	-	2,487
Miscellaneous	97	-	-	97
Assessor's Pension Fund	3,278	-	-	3,278
Repairs and Maintenance	6,983	-	-	6,983
SEWT	-	-	-	-
Supplies and Small Equipment	3,454	-	-	3,454
Telephone	323	-	-	323
Utilities and Recordkeepers	245	-	-	245
Utilities	4,872	-	-	4,872
Capital Outlay	-	-	192,585	192,585
Debt Service:				
Principal Retirement	18,880	10,880	-	29,760
Interest and Fiscal Charges	9,844	1,839	-	11,683
Total Expenditures	47,316	11,819	192,585	151,720
Excess (Deficiency) of Revenues over Expenditures	48,640	111,886	(191,634)	(12,104)

(Continued)

Recreation District No. 2 of
Livingston Parish

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES COMBINED

For the Year Ended December 31, 1998

	GOVERNMENTAL FUND TYPE			TOTALS (MEMORANDUM DOLLARS)
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	
Other Financing Sources (Uses):				
Proceeds from Issuance of Certificates of Indebted- ness	-	-	33,926	33,926
Operating transfers In	233,926	-	-	233,926
Operating transfers (Outs)	(233,926)	-	-	-
Total Other Financing Sources (Uses)	(233,926)	-	33,926	-
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	18,734	(11,486)	(157,888)	(150,640)
Fund Balances at Beginning of Year	78,873	18,617	153,688	251,178
Fund Balances at End of Year	\$ 81,587	\$ 5,131	\$ -	\$ 86,718

The accompanying notes constitute an integral part of this statement.

Recreation District No. 2 of
Livingston Parish

Exhibit B-2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1995

	GOVERNMENTAL FUND TYPES			TOTALS (MEMORANDUM DOLLAR)
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	
Revenues:				
Ad Valorem Tax, Net	\$ 76,825	\$ -	\$ -	\$ 76,825
Live Oak Sports Association	11,467	-	-	11,467
Interest	-	454	826	1,280
Concessions	7,878	-	-	7,878
Tournaments	6,164	-	-	6,164
Total Revenues	102,334	454	826	103,614
Expenditures:				
General Government:				
Dues	508	-	-	508
Cost of Issuance of Certificates of Indebtedness	-	-	8,844	8,844
Insurance	-	-	-	-
Legal and Accounting	3,536	-	-	3,536
Miscellaneous	862	-	-	862
Assessor's Pension Fund	2,821	-	-	2,821
Repairs and Maintenance	7,455	-	-	7,455
Sept.	500	-	-	500
Supplies and Small Equipment	3,853	-	-	3,853
Telephones	255	-	-	255
Empires and Snowkeepers	3,800	-	-	3,800
Utilities	4,758	-	-	4,758
Capital Outlay	-	-	63,283	63,283
Debt Services:				
Principal Retirement	-	9,820	-	9,820
Interest and Fiscal Charges	-	2,620	-	2,620
Total Expenditures	38,382	11,420	63,197	108,999
Excess (Deficiency) of Revenues over Expenditures	74,952	(10,966)	(62,371)	14,224

Recreation District No. 2 of
Livingston Parish

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES (CONTINUED)

For the Year Ended December 31, 1985

	GOVERNMENTAL FUND TYPE			TOTALS (INFORMATION ONLY)
	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	
Other Financing Sources (Uses):				
Proceeds from Issuance of Certificates of Indebted- ness	-	-	225,000	225,000
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	225,000	225,000
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	78,822	110,944	157,688	347,454
Fund Balances at Beginning of Year	2,821	27,581	-	30,402
Fund Balances at End of Year	\$ 78,822	\$ 138,525	\$ 157,688	\$ 375,035

The accompanying notes constitute an integral part of this statement.

Recreation District No. 2 of
Livingston Parish

NOTES TO THE FINANCIAL STATEMENTS

December 31, 1998 and 1999

(1) Summary of Significant Accounting Policies

The Recreation District No. 2 "the District" is a body corporate created by the Livingston Parish Council (formerly Livingston Parish Police Jury), as provided by Louisiana Revised Statutes. The district is governed by a board of five commissioners who are appointed by the Livingston Parish Council.

The financial statements of the district have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB), is the standard-setting body for governmental accounting and financial reporting. On June 30, 1998, the board issued a modification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (statements and interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the District's Board of Commissioners. Control by or dependence on the board was determined on the basis of taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

In conformance with Governmental Accounting Standards Board, Statement 14, the District is a component unit of the Livingston Parish Council (formerly the Livingston Parish Police Jury), the governing body of the parish. The accompanying financial statements present information only on the funds and account groups maintained by the Recreation District and do not present information on the Council and the general government services provided by that governmental unit.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues,

Recreation District No. 2 of
Livingston Parish

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 1984 and 1985

(1) Summary of Significant Accounting Policies - (Continued) -

and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the District are grouped, in the financial statements in this report, into three generic fund types and one broad fund category as follows:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general obligation bond principal, interest, and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for the financial resources used to acquire, construct, or renovate capital assets of the District.

In addition to the two generic fund types, the District maintains two account groups. The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

General Fixed Asset Account Group - The fixed assets used in the governmental fund type operations of the Recreation District are accounted for in the General Fixed Assets Account Group, rather than in the governmental funds. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost, or estimated historical cost.

General Long-Term Debt Account Group - Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental fund type operations.

Recreation District No. 2 of
Livingston Parish

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996 and 1995

(2) Summary of Significant Accounting Policies - (Continued) -

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Property taxes are recorded as revenues when levied even though a portion of the taxes may be collected in subsequent years.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Purchase of various operating supplies are regarded as expenditures at the time purchased.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement basis applied.

D. Budgetary Practices

During 1995 and 1996, the only budget available was prepared by the Chairman and was based on a fiscal year ending June 30, 1996, rather than on the calendar year on which the District's financial statements are prepared. Because of this difference in reporting, no comparison to budget is available.

At December 12, 1996 board meeting, the District adopted its annual operating budget for the year ending December 31, 1997.

E. Total Columns on Combined Statements

Total Columns on the Combined Statements is captioned (Non-random Only) to indicate that it is presented only to facilitate financial analysis. Data in the columns does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Recreation District No. 2 of
Livingston Parish

NOTES TO THE FINANCIAL STATEMENTS Continued

December 31, 1994 and 1995

121 Property Taxes -

On November 8, 1994, an election was held whereby the voters of Recreation District No. 2 of Livingston Parish approved a 15 year 15.00 mill ad Valorem tax assessed on all property subject to taxation within the District for the purpose of "maintaining, and operating the District's recreational facilities and for acquiring, constructing or renovating additional facilities". The assessment begins with the year 1995 and ends with the year 2009.

Property taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year.

The District's taxes are collected by the Livingston Parish Tax Collector and are remitted to the District monthly. The District pays the Assessor's Office a fee for this service.

Total taxes assessed and taxes receivable at December 31, 1994 and 1995, are as follows:

	1994	1995
Revenues:		
Assessed Valuation	\$ 6,138,968	\$ 5,520,467
x Assessed Millage	x 15.00 Mills	x 15.00 Mills
Ad Valorem Taxes Assessed	81,934	82,807
Less: Estimated Uncollectible (7.0%)	(5,836)	(5,982)
Net Current Year Ad Valorem Tax Collection of Prior Year Ad Valorem Taxes in Excess of Estimated Uncollectible	76,098	76,825
Ad Valorem Tax Revenue	\$ 81,937	\$ 76,825
Receivable:		
Net Current Year Ad Valorem Taxes	\$ 81,937	\$ 76,825
Less: Amounts Collected Before December 31	(4,002)	-
Property Tax Receivable, Net of Allowance	\$ 81,494	\$ 76,825

Recreation District No. 2 of
Livingston Parish

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996 and 1995

(3) Changes in General Fixed Assets -

A summary of changes in general fixed assets is as follows:

	<u>LAND</u>	<u>DEVELOPMENTS</u>	<u>PARKING AREAS</u>	<u>RECREATION, LIVING FAC. AND EQUIPMENT</u>	<u>TOTAL</u>
Balance - January 1, 1995	\$ 43,000	\$ 100,000	\$ -	\$ 42,000	\$ 185,000
Additions	51,473	-	9,287	2,535	63,295
Deletions	-	-	-	-	-
Balance - December 31, 1995	\$ 94,473	\$ 100,000	\$ 9,287	\$ 44,535	\$ 248,295
Additions	-	43,313	209,944	39,269	292,526
Deletions	-	-	-	-	-
Balance - December 31, 1996	\$ 94,473	\$ 143,313	\$ 209,231	\$ 83,804	\$ 430,821

*Represents estimated historical costs.

(4) Changes in Long-Term Debt -

The following is a summary of long-term debt transactions of the District for the years ended December 31, 1996 and 1995:

	<u>GENERAL OBLIGATION BOND</u>	<u>CERTIFICATE OF INDENTURES</u>	<u>TOTAL DEBT</u>
Balance, January 1, 1995	\$ 10,000	\$ -	\$ 10,000
Increase in Debt Issued	-	225,000	225,000
Debt Retired During Year	(19,000)	-	(19,000)
Balance - December 31, 1995	10,000	225,000	235,000
Increase in Debt Issued	-	-	-
Debt Retired During Year	(110,000)	(125,000)	(235,000)
Balance - December 31, 1996	\$ -	\$ 210,000	\$ 210,000

Recreation District No. 2 of
Livingston Parish

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

December 31, 1998 and 1995

General Obligation Bonds:

On September 1, 1976, the District issued general obligation bonds in the amount of \$136,000 for the purpose of purchasing, constructing, and acquiring land and facilities to provide a recreation area for the District. Interest is at a rate of 7.25% per annum. Final payment on the bond was made March 2, 1996.

Certificate of Indebtedness:

On October 19, 1985, the District issued certificates of indebtedness in the amount of \$225,000 for the purpose of constructing and improving the recreational facilities of the District. Interest is at a rate of 5.25% per annum.

The annual requirements to amortize all long-term debt outstanding at December 31, 1998 are as follows:

<u>YEAR</u>	<u>CERTIFICATE</u>	<u>INTEREST</u>	<u>TOTAL</u>
1997	\$ 19,000	\$ 10,831	\$ 29,831
1998	20,000	9,713	29,713
1999	20,000	8,663	28,663
2000	20,000	7,613	27,613
2001	20,000	6,563	26,563
2002	25,000	5,119	30,119
2003	25,000	3,886	28,886
2004	30,000	2,363	32,363
2005	<u>30,000</u>	<u>787</u>	<u>30,787</u>
Totals	<u>\$220,000</u>	<u>\$ 58,125</u>	<u>\$278,125</u>

(5) Leases -

The District has no outstanding capital or operating leases at December 31, 1998 or 1995.

(6) Cash and Cash Equivalents -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the State of Louisiana,

Recreation District No. 2 of
Livingston Parish

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 1994 and 1995

of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agent, the District had cash and cash equivalents totaling \$31,890 with a carrying amount of \$31,348 at December 31, 1994, and cash and cash equivalents totaling \$193,686 with a carrying amount of \$193,686 at December 31, 1995. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents at December 31, 1994 and 1995, with the related federal deposit insurance and pledged securities, if any.

	DECEMBER 31, 1994		
	CONFIRMED BANK BALANCES	FDIC INSURANCE	BALANCE UNINSURED
Cash in Banks	\$ 31,890	\$ 31,890	\$ -
Total	\$ 31,890	\$ 31,890	\$ -
	DECEMBER 31, 1995		
	CONFIRMED BANK BALANCES	FDIC INSURANCE	BALANCE UNINSURED
Cash in Banks	\$ 193,686	\$201,338	\$ 82,367
Total	\$ 193,686	\$201,338	\$ 82,367
Uncollateralized - Securities Pledged and Held by the Custodial Bank in the Name of the Fiscal Agent			\$ -
Deficiency of FDIC Insurance and Pledged Securities over Cash and Cash Equivalents			\$ 82,367

Recreation District No. 2 of
Livingston Parish

NOTICE TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 1996 and 1995

17) Litigation :

At December 31, 1996 and 1995, there is no litigation pending against the District.

18) Compensated Absences, Pension Plan, and Other Postemployment Benefits :

At December 31, 1996 and 1995, the District has no plan or provision for compensated absences, pension plan or other post employment benefits.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Recreation District No. 3 of
Livingston Parish
GENERAL FUND

COMPARATIVE BALANCE SHEETS

December 31, 1996 and 1995

ASSETS

	<u>1996</u>	<u>1995</u>
Cash and Cash Equivalents	\$ 23,787	\$ 334
Property Tax Receivables, Net of Allowance for Uncollectible Accounts of \$4,436 for 1996 and \$5,983 for 1995	81,494	76,875
Due from Construction Fund	<u> </u>	<u>2,535</u>
Total Assets	<u>\$ 105,283</u>	<u>\$ 79,694</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$ 3,136	\$ 2,821
Due to Construction Fund	<u>10,560</u>	<u> </u>
Total Liabilities	13,696	2,821
Fund Balance:		
Unreserved - Undesignated	<u>91,587</u>	<u>76,875</u>
Total Fund Balance	<u>91,587</u>	<u>76,875</u>
Total Liabilities and Fund Balance	<u>\$ 105,283</u>	<u>\$ 79,694</u>

See auditor's report.

Recreation District No. 2 of
Livingston Parish
GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

For the Years Ended December 31, 1986 and 1985

	<u>1986</u>	<u>1985</u>
Revenues:		
Ad Valorem Tax, Net	\$ 88,277	\$ 76,825
Live Oak Sports Association	1,398	11,487
Interest	758	-
Concessions	6,353	9,878
Tournaments	<u>1,282</u>	<u>4,164</u>
Total Revenues	98,156	102,354
Expenditures:		
General Government:		
Debt	508	560
Insurance	975	-
Legal and Accounting	2,487	3,526
Miscellaneous	97	802
Assessor's Pension Fund	3,136	1,871
Repairs and Maintenance	4,983	7,453
Rent	-	588
Supplies and Small Equipment	3,654	3,853
Telephone	121	256
Wardens and Doorkeepers	245	3,800
Utilities	4,412	4,758
Debt Services:		
Principal Retirement	15,800	-
Interest	<u>2,844</u>	<u>-</u>
Total Expenditures	47,114	28,283
Excess (Deficiency) of Revenues over Expenditures	48,642	74,152

(CONTINUED)

Recreation District No. 2 of
 Livingston Parish
 GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - (CONTINUED)

For the Years Ended December 31, 1994 and 1993

	<u>1994</u>	<u>1993</u>
Other Financing Sources (Uses):		
Operating Transfers Out	<u>133,926</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>133,926</u>	<u>-</u>
Excess of Revenues and Other Sources over Expenditures and Other Uses	14,714	74,053
Fund Balance at Beginning of Year	<u>74,933</u>	<u>2,821</u>
Fund Balance at End of Year	<u>\$ 89,647</u>	<u>\$ 76,874</u>

See auditor's report.

DEBT SERVICE FUND

To accumulate resources for and to account for the payment of principal and interest due on the District's 1976 General Obligation Bond.

General Obligation Bond - Issued September 1, 1976 for the purpose of purchasing, constructing and acquiring land, buildings, equipment and other facilities for the Recreation District No. 3 of Livingston Parish. Payments are due in annual installments of principal and semi-annual installments of interest until maturity in 1998. Interest is at an annual rate of 7.32%. Revenues from a special levy of property taxes were dedicated to service this debt. Final payment on this bond was made September 1, 1995.

Recreation District No. 2 of
Livingston Parish
DEBT SERVICE FUND

COMPARATIVE BALANCE SHEETS

December 31, 1996 and 1995

	<u>ASSETS</u>	
	<u>1996</u>	<u>1995</u>
Cash in Banks	\$ 7,753	\$ 16,617
Total Assets	<u>\$ 7,753</u>	<u>\$ 16,617</u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Accounts Payable	\$ 350	\$ -
Due to Other Governments	<u>2,272</u>	<u>-</u>
Total Liabilities	2,622	-
Fund Balance:		
Reserved For Debt Service	-	10,000
Unreserved - Undesignated	<u>5,991</u>	<u>6,617</u>
Total Fund Balance	<u>5,991</u>	<u>16,617</u>
Total Liabilities and Fund Balance	<u>\$ 8,613</u>	<u>\$ 16,617</u>

Recreation District No. 2 of
Livingston Parish
DEER SERVICE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CLOSING TO FUND BALANCE

For the Years Ended December 31, 1984 and 1985

	<u>1984</u>	<u>1985</u>
Revenues:		
Interest	\$ 413	\$ 414
Total Revenues	413	414
Expenditures:		
Principal Retirement	10,000	9,000
Interest and Fiscal Charges	<u>3,889</u>	<u>2,629</u>
Total Expenditures	13,889	11,629
Excess (Deficiency) of Revenues over Expenditures	(13,476)	(11,215)
Fund Balance at Beginning of Year	<u>18,617</u>	<u>27,581</u>
Fund Balance at End of Year	<u>\$ 5,141</u>	<u>\$ 16,366</u>

See auditor's report.

CAPITAL PROJECTS FUND

To account for the financial resources used for the acquisition or construction of capital facilities, during 1995 and 1996 the Capital Projects Fund was used to account for the proceeds from the issuance of \$225,000 in certificates of indebtedness and the use of such proceeds.

Recreation District No. 2 of
Livingston Parish
CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEETS

For the Years Ended December 31, 1994 and 1993

	ASSETS	
	<u>1994</u>	<u>1993</u>
Cash and Cash Equivalents	\$ -	\$175,884
Due from General Fund	<u>10,560</u>	<u>-</u>
Total Assets	<u>\$ 10,560</u>	<u>\$175,884</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 10,560	\$ 15,461
Due to General Fund	<u>-</u>	<u>3,533</u>
Total Liabilities	10,560	17,994
Fund Balance:		
Unreserved - Undesignated	<u>-</u>	<u>157,890</u>
Total Fund Balance	<u>-</u>	<u>157,890</u>
Total Liabilities and Fund Balance	<u>\$ 10,560</u>	<u>\$175,884</u>

See auditor's report.

Recreation District No. 2 of
Livingston Parish
CAPITAL PROJECTS FUND

COMPARATIVE STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE

For the Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
REVENUES:		
Interest	\$ 301	\$ 825
Total Revenues	<u>301</u>	<u>825</u>
EXPENDITURES:		
General Government:		
Cost of Issuance of Certificates of Indebtedness	-	4,844
Capital Outlay	<u>192,969</u>	<u>63,293</u>
Total Expenditures	<u>192,969</u>	<u>68,137</u>
Excess (Deficiency) of Revenues over Expenditures	(192,668)	(67,312)
Other Financing Sources (Uses):		
Proceeds from Issuance of Certificates of Indebtedness	-	325,000
Operating Transfers In	<u>32,926</u>	<u>-</u>
Total Other Sources (Uses)	<u>32,926</u>	<u>325,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(157,688)	157,688
Fund Balance at Beginning of Year	<u>157,688</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ 157,688</u>

See auditor's report.

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operation.

Recreation District No. 2 of
Livingston Parish

COMPARATIVE STATEMENTS OF GENERAL FIXED ASSETS - BY SOURCES

December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
General Fixed Assets, at Cost:		
Land	\$ 94,471	\$ 94,471
Buildings	83,312	98,000
Parking Area	129,351	9,283
Furniture, Lighting and Equipment	<u>54,324</u>	<u>42,035</u>
Total General Fixed Assets	<u>\$ 361,458</u>	<u>\$ 243,789</u>
Investment in General Fixed Assets From:		
General Fund Revenues	\$ 14,928	\$ 41,000
General Obligation Certificates of Indebtedness	331,932	61,391
Estimated Historical Cost	<u>62,500</u>	<u>62,500</u>
Total Investment in General Fixed Assets	<u>\$ 361,458</u>	<u>\$ 243,789</u>

Recreation District No. 2 of
Livingson Parish

STATEMENT OF CHANGES IN GENERAL FIRED ASSETS

For the Years Ended December 31, 1996 and 1995

	<u>TOTAL</u>	<u>LAND</u>	<u>SECURITIES</u>	<u>PARTIAL ASSETS</u>	<u>PERMANENT, LIMITED AND EQUIPMENT</u>
General Fixed Assets at January 1, 1995	\$100,000	\$ 43,000	\$ 50,000	\$ -	\$ 47,000
Additions:					
General Fund Revenues	-	-	-	-	-
General Obligation Certificates of Indebtedness	63,293	54,471	-	9,287	2,535
	63,293	54,471	-	9,287	2,535
Deductions:					
Assets Sold or Traded	-	-	-	-	-
General Fixed Assets at December 31, 1995	163,293	97,471	50,000	9,287	49,535
Additions:					
General Fund Revenues	33,920	-	28,344	18,560	-
General Obligation Certificates of Indebtedness	150,833	-	43,312	168,948	35,283
	184,753	-	71,656	187,508	35,283
Deductions:					
Assets Sold or Traded	-	-	-	-	-
General Fixed Assets at December 31, 1996	\$348,046	\$ 97,471	\$ 121,656	\$377,016	\$ 84,818

*Represents estimated historical cost.

Recreation District No. 2 of
Livingston Parish

COMPARATIVE STATEMENTS OF GENERAL LONG-TERM DEBT

December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
AMOUNT TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT:		
Amount Available in the Debt Service Fund for Debt Retirement	\$ -	\$ 10,000
Amount to be Provided in Future Years	210,000	225,000
Total to be Provided	<u>\$ 210,000</u>	<u>\$ 235,000</u>
GENERAL LONG-TERM DEBT PAYABLE:		
General Obligation Bond	\$ -	\$ 10,000
General Obligation Certificates of Indebtedness	210,000	225,000
Total General Long-Term Debt	<u>\$ 210,000</u>	<u>\$ 235,000</u>

OTHER SUPPLEMENTARY INFORMATION

Recreation District No. 3 of
Livingston Parish

SCHEDULE OF COMPENSATION PAID BOARD MEMBERS

For the Years Ended December 31, 1994 and 1995

	<u>1994</u>	<u>1995</u>
G.L. Cutrer (Term Expired 3/94)	\$ -	\$ -
Jimmy Hood	-	-
Jimmy McCoy	-	-
Dennis Covington	-	-
Geanette Pharis (Resigned 8/95)	-	-
Roger Woods	-	-
Douglas Tomason, Jr. (Appointed 3/94)	-	-
	<u>\$ -</u>	<u>\$ -</u>

The term of each board member is two years.

Recreation District No. 2 of
Livingston Parish

SCHEDULE OF INSURANCE IN FORCE

December 31, 1995

<u>INSURANCE COMPANY</u>	<u>COVERAGE</u>	<u>AMOUNT</u>	<u>EXPIRATION DATE</u>
Western Surety Company	Public Employee Blanket		
	Board	\$ 25,000	12/01/97
	Chairpersons	\$ 25,000	12/01/97
	Vice-Chairpersons Treasurer	\$ 25,000	12/01/97
Louisiana Workers' Compensation Corporation	Workers' Compensation Policy	\$100,000/ Accident	12/01/97
		\$500,000/ Limit	
		\$100,000/ Employee	

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL STRUCTURE BASED ON
AN AUDIT OF CONSOLIDATED UNIT FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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1110 SOUTH KING AVENUE, SUITE 101
BATON ROUGE, LOUISIANA 70816

July 31, 1997

Board of Commissioners
Recreation District No. 2 of
Livingston Parish
Livingston Parish Council
Watson, Louisiana

We have audited the component unit financial statements of the Recreation District No. 2 of Livingston Parish, Louisiana, for the years ended December 31, 1996 and 1995, and have issued our report thereon dated July 31, 1997. In our report, our opinion was qualified because of the inadequacy of certain accounting records and documentation regarding certain expenditures.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Recreation District No. 3 of
Livingston Parish

In planning and performing our audit of the component unit financial statements of the Recreation District No. 3 of Livingston Parish, Louisiana, for the years ended December 31, 1996 and 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the component unit financial statements.

Management Control Methods - Authority and Responsibility

Finding: The District does not have policies that address the following management control policies:

1. A requirement that all delegations of authority and responsibility be current and in writing.
2. Development and utilization of a budget calendar which would facilitate the timely and orderly submission and approval of the budget in accordance with applicable statutes.
3. Development and utilization of long range planning.
4. Development and utilization of a purchase order system including the delegation of authority to issue purchase orders.
5. The District should adopt policies and procedures which would:
 - a. Require the Administrative Secretary to make a determination of availability of funds prior to the issuance of a purchase order or other expenditure commitment.
 - b. Require the comparison of actual expenditures to the budget frequently and on a timely basis. Budgets should be discussed and explanations obtained for significant variations from budget.

Recommendation: We recommend that the District address each of the management control policies indicated above. Many of the policies can easily be achieved through the utilization of the Administrative Secretary.

Recreation District No. 2 of
Livingston Parish

Accounting System and Records

Finding: We noted that prior to July 1996, there was a lack of responsibility for maintaining the general ledgers of the District. Subsequent to July 1996, the Administrative Secretary maintained the general ledgers and accounting records of the District on a monthly basis.

Recommendation: We recommend the District continue to delegate responsibility to the Administrative Secretary for the monthly maintenance of the general ledgers and accounting records.

Corrective Action Taken: In July 1996, the District hired an Administrative Secretary. One of the duties of this position is to maintain general ledgers and accounting records of the District on a monthly basis.

Finding: We noted that minutes of the District up to July 1996, were not being signed. Minutes subsequent to July 1996, were only signed by the Administrative Secretary. In addition, minutes prior to July 1996, seemed to lack sufficient detail for the reader to determine all decisions of the Board.

Recommendation: We recommend that all minutes of the Board upon their approval by the Board, be signed by the Chairperson and the Administrative Secretary and placed in a permanent type minute book. We also recommend that sufficient detail be entered into the minutes so as to inform a reader of the Board's decisions on all items discussed.

Corrective Action Taken: In July 1996, an Administrative Secretary was hired. One of his responsibilities was to prepare the minutes. For our review of the minutes since July they appeared to be in sufficient detail.

Finding: During our testing of transactions, we noted that invoices and/or other adequate documentation for numerous disbursements were not maintained. For the payment of subcontract labor little, if any, documentation existed. (A slip of paper with a name, hours supposedly worked, and a rate was usually all that was found.) There was no indication of the dates worked, what work was performed, proper approval, and the slip was not signed by the subcontractor.

Recommendation: We recommend that an invoice or some other form of adequate documentation be maintained for all disbursements. Invoices should be checked for clerical accuracy and initialed for approval of payment. Each invoice should indicate date paid, check number, and account classification on the face of the invoice. A form should be developed for payments to individuals, as subcontract labor which reflects the date paid, dates and hours worked, the hourly rate paid, a description of the work performed, the social security number and address of the individual, the signature of the individual, the amount paid, and the account classification.

Recreation District No. 3 of
Livingston Parish

Cash in Banks

Finding: During our audit testing, we noted that certain bank accounts only required one signature for the issuance of checks.

Recommendation: We recommend that two signatures be required on all checks issued.

Corrective Action Taken: In early 1997, the District began requiring two signatures on all checks issued.

Finding: We noted the lack of monitoring of Federal Deposit Insurance Corporation's insurance coverage on funds deposited in banks. Due to the proceeds from the issuance of the certificates of indebtedness, the District had funds in excess of coverage from October 1995 to May 1, 1996.

Recommendation: We recommend that the Board monitor the FDIC insurance coverage of their funds at all times and document their efforts at least monthly. In addition, at any time the District has funds in excess of insurance coverage, they should require the Bank to enter into an agreement whereby the Bank will legally secure those funds in excess of the insurance coverage.

Income

Finding: During our audit, we noted that controls over the monitoring of the concession stand agreement and payment to the District were inadequate.

Recommendation: We recommend that a form be developed whereby the concession stand operator makes a daily accounting of the money taken in during that day. This form should be signed by the operator and someone designated by the Board to oversee the nightly closure of the facility. Each week the forms should be reconciled to both the schedule of events during the week, including rainouts, and to deposits made by the District.

Finding: During our audit, we noted that controls over the monitoring of tournament revenue and payment to the District were inadequate.

Recommendation: We recommend that a form be developed whereby the individual in-charge of the tournament makes a daily accounting of the teams entered, games played, and money taken in during that day. This form should be signed by the individual in-charge of the tournament and someone designated by the Board to oversee the nightly closure of the facility. Each week the forms should be reconciled to the schedule of events and to the deposits made by the District.

Recreation District No. 1 of
Livingston Parish

Findings: The District has entered into contracts with Live Oak High School and the Live Oak Sports Association. Management's legal advisor has questioned the legality of the contracts. As provided by the La. Constitution, Article 7, Section 14, the funds, credit, property, or things of value of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private. Since the current contracts provide no monetary compensation to the District but only require reimbursement of a portion of the utilities, concerns exist as to the legality of the loans and whether nondiscriminatory and reasonable compensation exists.

Recommendation: We recommend that the Board request its attorney to research and assist in drafting new contracts.

Other:

Findings: During 1995 and 1996, the District failed to carry a fidelity bond on its officers as required by LRS 33:4164(B).

Recommendation: We recommend the District maintain adequate fidelity bond coverage.

Corrective Action Taken: The District has obtained fidelity bond coverage effective December 1, 1996.

Findings: During our testing of transactions, we noted that on three occasions the District purchased arrangements of flowers. Although immaterial in dollars, these are prohibited transactions for a public entity.

Recommendation: We recommend the District discontinue the purchase of flower arrangements for any occasion. If the District interests on sending flowers of gratitude or sympathy, this must be done by using personal funds.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the component unit financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we noted the following matters involving the internal control structure and its operation

Recreation District No. 3 of
Livingston Parish

that we consider material weaknesses as defined above. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in our audit of the component unit financial statements of the Recreation District No. 3 of Livingston Parish for the years ended December 31, 1996 and 1995.

Each reportable condition described above, in itself, would not be considered a material weakness, but because of the significance of the reportable conditions above when combined indicates the internal control structure of the District is materially weak.

This report is intended for the information of management and the Office of Legislative Auditor, State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

Arthur C. Langston & Co., P.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF COMPONENT UNIT FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

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MEMBER
OF THE AMERICAN INSTITUTE
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MEMBER
OF THE LOUISIANA SOCIETY
OF CERTIFIED PUBLIC ACCOUNTANTS

July 21, 1997

Board of Commissioners
Recreation District No. 2 of
Livingston Parish
Livingston Parish Council
Watson, Louisiana

We have audited the component unit financial statements of the Recreation District No. 2 of Livingston Parish, Louisiana, for the years ended December 31, 1996 and 1995, and have issued our report thereon dated July 21, 1997. In our report, our opinion was qualified because of the inadequacy of certain accounting records and documentation regarding certain expenditures.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the District is the responsibility of the District's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed the following instances of non-compliance that are required to be reported herein under Government Auditing Standards for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any liability that may result has been recognized in the Recreation District No. 2 of Livingston Parish December 31, 1996 and 1995 component unit financial statements.

Recreation District No. 3 of
Livingston Parish

Public Bid Law

Finding: The District failed to comply with the provisions of the "Public Bid Law" (LSA-RS Title 38:2212) on 3 instances:

Purchase of Fencing (Received 3 quotes on a portion of the fencing but failed to advertise)	\$29,865.45
Purchase of Bell Park Light Fixtures (No indication of bid process)	\$11,539.16
Purchase of Metal Building (No indication of any bid process)	\$15,158.69

Recommendation: We recommend the Board become familiar with the compliance requirements of the "Public Bid Law".

- 1) Authorization to advertise for bids.
- 2) Advertising for bids.
- 3) Acceptance of bids.
- 4) Approval of Change Orders in contracts previously approved by bid.

Budgeting

Finding: The District failed to comply with the provisions of the "Local Budget Act" (LSA-RS 39:1301-14).

Recommendation: We recommend the Board become familiar with the compliance requirements of the "Local Budget Act".

- 1) Completion and submission of proposed budget to the Board no later than 15 days prior to the beginning of each fiscal year.
- 2) Formal action taken at the board meeting to finalize and adopt a balanced budget.
- 3) Amend budget through formal board action whenever actual expenditures to date plus projected expenditures for the remainder of year exceed the total budget for any expenditures in excess of 5%.

Corrective Action Taken: The District Board of Commissioners approved the 1997 Operating Budget during their final board meeting of 1996, December 14, 1996.

Recreation District no. 2 of
Livingston Parish

Accounting, Auditing and Financial
Reporting Issues

Finding: The District failed to maintain certain accounting records (lack of numerous invoices and subcontract labor documentation) in such a manner as to provide evidence of legal compliance.

Recommendation: We recommend that prior to the issuance of any Disbursement, all related invoices and documentation be received and approved for payment. Subsequent to approval and payment all invoices and documentation should be maintained in such a manner as to provide evidence of legal compliance. (File invoices either by each vendor or by month paid.)

Corrective Action Taken: The Board hired an Administrative Secretary in July 1996. One of the duties of this position is to maintain and document all disbursements.

Finding: The 1996 Legislature passed new provisions pertaining to the issue of audit frequency for local governments. The new audit frequency as it relates to the District is as follows:

Any local entities that receives more than \$50,000 in revenues and other sources in any one fiscal year, but less than \$250,000, shall cause to be conducted on annual compilation of its financial statements, to be accompanied by an attestation report on the entity's compliance with laws and regulations.

In addition, to the new audit provisions these reports are required to be issued and delivered to the Legislative Auditor prior to the end of six months after an entities' fiscal year end. (In the District's situation - prior to June 30, 1997.)

The District has procrastinated in the decision of whether to prepare a compilation and attestation report or to conduct an audit in accordance with Government Auditing Standards. Upon the insistence of the Livingston Parish Council, the Board decided in late May 1997, to conduct the audit in accordance with Government Auditing Standards. In late May 1997, our firm was engaged to conduct the audit and did not have sufficient time to complete the requirements of the audit prior to June 30, 1997.

Recommendation: We recommend that the District comply with the new provisions pertaining to audit frequency and to issue their financial statements in a timely manner.

Corrective Action Taken: The Board hired an Administrative Secretary in July 1996. One of the duties of this position is the preparation of monthly financial reports. Because of the monthly preparation of these reports, the District will be in a position to timely file subsequent financial statements with the Legislative Auditor.

Asset Management Laws

Finding: The District failed to maintain detailed general fixed asset records. During the 1991 and 1994 audit, general fixed asset records had to be reconstructed.

Recommendation: The District must maintain complete detailed general fixed asset records.

Corrective Action Taken: The Board hired an Administrative Secretary in July 1994. One of the duties of this position will be to maintain a detailed general fixed asset schedule.

Fiscal Agency and Cash Management Laws

Finding: On October 19, 1995, the District received \$225,000 from the issuance of certificates of indebtedness. These proceeds were deposited into a local banking authority on that day. Upon the deposit of these proceeds the District had funds in excess of the \$100,000 of the Federal Deposit Insurance Corporation's coverage. The District's funds remained in excess of the FDIC coverage from October 19, 1995, until approximately May 3, 1996. In addition, the District failed to obtain security coverage from the bank for the funds in excess of the insurance coverage.

Recommendation: We recommend that at any time the District's funds exceed FDIC insurance coverage that the District require the bank to supply security for those funds in excess of the insurance coverage.

Diner

Finding: During 1995 and 1996, the District paid individuals as sub-contractors for certain services provided by the individuals. Some of those individuals received in excess of \$600.00 in either of those years. The District failed to file required Forms 1099-Miscellaneous with the Internal Revenue Service on the individuals who earned \$600.00 or more.

Recommendation: We recommend that the District comply with the Internal Revenue Service requirements for the filing of a Form 1099-Miscellaneous on any individual who is not considered an employee and has received "at least \$600.00 in rents, services (including parts and materials), prizes and awards, other income payments, and medical and health care payments". Penalties for failure to file these required forms could amount to as much as \$50 per form with a maximum penalty of up to \$100,000.

Recreation District No. 3 of
Livingston Parish

We considered these instances of noncompliance in forming our opinion on whether the Recreation District No. 3 of Livingston Parish's 1996 and 1997 component unit only financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated July 31, 1997, on those component unit financial statements.

This report is intended for the information of management and the Office of Legislative Auditor, State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Thomas W. Langston & Co., LLP